

HOUSE BILL REPORT

SSB 6095

As Passed House - Amended:

April 9, 2009

Title: An act relating to the Puget Sound pilotage district tariff.

Brief Description: Clarifying that retirement costs continue to be authorized as a charge included in the Puget Sound pilotage district tariff.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Haugen and Swecker).

Brief History:

Committee Activity:

Transportation: 3/17/09, 3/25/09 [DPA].

Floor Activity

Passed House - Amended: 4/9/09, 95-2.

Brief Summary of Substitute Bill (As Amended by House)

- Allows the Board of Pilotage Commissioners to consider pilot retirement expenses incurred in both the Puget Sound and Grays Harbor pilotage districts when setting Puget Sound pilotage district tariff.
- Indicates that the state is not obligated to fund or pay retirement payments to current or retired pilots.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended. Signed by 24 members: Representatives Clibborn, Chair; Liias, Vice Chair; Roach, Ranking Minority Member; Rodne, Assistant Ranking Minority Member; Armstrong, Campbell, Cox, Driscoll, Ericksen, Finn, Flannigan, Herrera, Johnson, Klippert, Kristiansen, Moeller, Rolfes, Shea, Simpson, Takko, Upthegrove, Wallace, Williams and Wood.

Minority Report: Do not pass. Signed by 2 members: Representatives Eddy and Springer.

Staff: David Munnecke (786-7315)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

The Board of Pilotage Commissioners (Board) is required to provide for the maintenance of efficient and competent pilotage service on the waters of the Puget Sound and Grays Harbor pilotage districts. To this end, the Board examines the proficiency of potential pilots, licenses pilots, enforces the use of pilots, sets pilotage rates, investigates reported accidents involving pilots, and keeps records of matters affecting pilotage, in addition to various other duties required by law.

Summary of Amended Bill:

As part of its annual tariff setting process for pilotage services, the Board may consider pilot retirement expenses incurred in both the Puget Sound and Grays Harbor pilotage districts when setting Puget Sound pilotage district tariff. The state, however, is not obligated to fund or pay any portion of the retirement payments for current or retired pilots.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The Puget Sound is one of the lifebloods of Washington, and the Puget Sound pilots' job is to protect it by keeping it accident free. The pilots are thus the first line of defense against both accidents and terrorism.

The pilots are required by law to retire by the age of 70, and pilots usually do not work in that capacity for very long due to the long maritime careers they have before turning to piloting. This bill would protect their retirement, which is only fair when the state forces the retirement. It also would enhance the ability of the state to hire the pilots it needs to replace the retirees. However, this bill places no new financial requirements on the state.

The Pilotage Commission studied changing pilotage services from private to public in Grays Harbor. The Port of Grays Harbor could take over the the pilotage service and did because of the lack of sailings, but it could not take over the pension payments from the pilot association. The Puget Sound pilots then agreed to take over the pension payments. The Attorney General's Office has stated that the Pilotage Commission would be stepping outside its role if it requires pension payments, but the Grays Harbor retired pilots are afraid they will be abandoned if it does not.

The pilot retirement plans are not funded pension plans. The current pension calculation is 1.5 percent per year of service and does not include a cost-of-living allowance. These are common approaches among pilot pension plans. In 2006 the Board of Pilotage Commissioners stopped itemizing the pension amounts, and when it was asked to continue, the Attorney General's Office said that it could not. The inclusion of these charges has been

done in the past, and the amendments to the bill would require it to be considered as an element of the charge rather than a separate item. There is already a rule that requires that payments for pensions go to pensions.

The total amount collected through the Puget Sound pilotage tariff last year was \$30 million, and of that amount \$1.8 million went to pensions.

(With concerns) Ports are interested in this bill because they are concerned about their costs and thus their competitiveness. The current language in the bill is confusing and could be an additive to the tariff. The pilots do not want that, so the bill should be clarified.

The Attorney General's memorandum at issue is privileged, but the crux appears to be the obligation to pay the pension of the Grays Harbor pilots. These pilots are concerned that the agreement supporting their pensions is not binding, so the ports want to work cooperatively to solve the problem.

(Opposed) The shipping lines are the entities that pay the tariff, and are concerned that this bill will mean an increase in the tariff, which must be fair and equitable. The pilots have asked for a pension line item in the past as an increase in the tariff, and the shippers are concerned that if this bill passes then that is what will occur. The amount of the pension is a matter between private parties, and the state should not have a role.

Pilots make about \$400,000 per year, and can spend this money as they see fit. Under the current pension plan a pilot who retires with 20 years of service would receive a pension of \$120,000 per year.

Persons Testifying: (In support) Mauri Moore; and Ben Watson and Walter Tabler, Puget Sound Pilots.

(With concerns) Eric Johnson, Washington Public Ports Association.

(Opposed) Scott Hazlegrove, Pacific Merchant Shipping Association.

Persons Signed In To Testify But Not Testifying: None.